

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-10 FRB-01 INR-07 NEA-09 NSAE-00 OPIC-06

SP-02 TRSE-00 CIEP-02 LAB-04 SIL-01 OMB-01 L-02 OIC-02

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P R 211959Z MAR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 6137

INFO AMEMBASSY BRUSSELS

AMEMBASSY MADRID

AMEMBASSY LISBON

USMISSION GENEVA

UNCLAS SECTION 01 OF 02 OECD PARIS 07272

DEPT PASS LABOR FOR METCALF AND TREASURY

E.O. 11652: N/A

TAGS: ELAB, EGEN, OECD

SUBJECT: TRADE UNION ADVISORY COMMITTEE - PROPOSALS
FOR MULTI-NATIONALS

1. SUMMARY. 36 TRADE UNION LEADERS OF OECD TRADE UNION
ADVISORY COMMITTEE (TUAC) MET WEEK MARCH 4 TO DISCUSS
TUAC DOCUMENT ON MULTINATIONALS. PAPER CONTAINS SPECI-
FIC PROPOSALS FOR COMPREHENSIVE GOVERNMENTAL REGULATION
OF MNCS, E.G., CAPITAL MOVEMENTS, "PUBLIC ACCOUNTABILI-
TY," PRIOR NOTIFICATION AND AUTHORIZATION FOR MERGERS
AND NEW INVESTMENTS, PRICING AND TECHNOLOGY TRANSFER.
TUAC DOCUMENT WILL BE PRESENTED FOR DISCUSSION AT MARCH
26 LIAISON COMMITTEE MEETING. ACTION REQUESTED: ANY
GUIDANCE DEPT MAY WISH TO GIVE MISSION FOR MARCH 26
MEETING. END SUMMARY

2. WEEK OF MARCH 4, 36 REPRESENTATIVES OF INTER-
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NATIONAL CONFEDERATION OF FREE TRADE UNIONS (ICFTU)

AND INTERNATIONAL TRADE SECRETARIATS (ITS) DISCUSSED
TUAC DOCUMENT ON MULTINATIONAL CORPORATIONS. 87 PAGE
DOCUMENT WILL BE PRESENTED FOR DISCUSSION AT MARCH 26
OECD LIAISON COMMITTEE MEETING.

3. THE PAPER PROPOSES TO CONTROL MNCS BY COORDINATED
NATIONAL LEGISLATION AND AN "OECD CONVENTION OF ENFOR-
CEABLE STANDARDS AND MEASURES." SUCH CONVENTION WOULD
REQUIRE COMMON GOVERNMENTAL MEASURES RE EMPLOYMENT,
SOCIAL POLICY, CAPITAL MOVEMENTS, MERGER CONTROL, COM-
PETITION SAFEGUARDS AND TAXATION. FOR COLLECTIVE BAR-
GAINING AND SOCIO-ECONOMIC PLANNING PURPOSES, TUAC
DOCUMENT PROPOSES THAT MNCS BECOME "PUBLICLY ACCOUNT-
ABLE" AND SUBMIT COMPREHENSIVE ANNUAL REPORTS ON: PRO-
DUCTION, INVESTMENTS, CASH-FLOWS, PROFITS, RAW MATERIALS
COSTS, EMPLOYMENT, WAGES. (TUAC NOTES THAT PRECEDENT
FOR ACCOUNTABILITY DEMAND IS PROVISION IN IEA AGREEMENT
THAT PARTICIPATING COUNTRIES MAKE AVAILABLE COMPREHEN-
SIVE FINANCIAL REPORTS ON OIL COMPANY OPERATIONS.)

4. ADDITIONALLY, DOCUMENT PROPOSES GOVERNMENTAL ACTION
IN FOLLOWING FIELDS:

A. AMEND OECD CODE OF LIBERALIZATION OF CAPITAL
MOVEMENTS TO REFLECT SOCIAL OBLIGATIONS OF INTERNATIONAL
INVESTMENT, AND SAFEGUARD TRADE UNION, CONSUMER AND
ENVIRONMENTAL INTERESTS. AMENDMENT WOULD REQUIRE IN-
VESTORS TO GIVE PRIOR INFORMATION TO GOVERNMENTS
WHICH WOULD AUTHORIZE, LIMIT OR PARTICIPATE IN WHOLE
OR IN PART IN PROPOSED VENTURE. ILO-STRUCTURED TRI-
PARTITE COMMISSION WOULD OVERSEE COMPLIANCE OF REVISED
CODE.

B. ESTABLISH "STRINGENT OBLIGATIONS" FOR MNCS TO
MEET SOCIO-ECONOMIC CRITERIA AS PRE-REQUISITE FOR
MERGERS AND ACQUISITIONS.

C. ESTABLISH COMMISSION TO INVESTIGATE RESTRICTIVE
BUSINESS PRACTICES AND "OLIGOPOLISTIC PRICING".

D. REVISE TAX LEGISLATION TO CLOSE LOOP-HOPES AND
PREVENT EVASION.

E. REVISE EXISTING LAWS, CONVENTIONS AND POLICIES
IN ORDER TO FACILITATE TECHNOLOGY TRANSFER.

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F. MONITOR SHORT-TERM CAPITAL MOVEMENTS OF 50-200
FIRMS IN INDUSTRIAL, TRADING AND BANKING SECTORS.

5. ICFTU REP TOLD MISSION OFFICER THAT GROUP WAS
REALISTIC ABOUT LIMITED POSSIBILITY OF GETTING THEIR
PROPOSALS ADOPTED AND IS PREPARED TO BARGAIN WITHIN
OECD AND NATIONAL GOVERNMENTS TO ADOPT, OVER TIME,
APPROPRIATE MEASURES TO REGULATE MNCS. HE ADDED

ICFTU-ITS RECOGNIZE DIFFICULTY OF TASK, NOTING RELATIVE STRENGTH OF MNCS COMPARED WITH INABILITY ORGANIZED LABOR TO INFLUENCE GOVERNMENTAL POLICY RE MNCS.

6. MISSION OFFICER DISCUSSED WITH TUAC SEC GEN HENRI BERNARD REPORT PREPARED FOR BRITISH TUC CONTAINED IN PART 4, APPENDIX IV OF DOCUMENT. REPORT DESCRIBES

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VIOLATIONS OF TRADE UNION FREEDOM IN SPAIN ("10 WORKERS MURDERED"), PORTUGAL AND SEVERAL NON-OECD COUNTRIES. MISSION OFFICER EXPLAINED WHILE TUC REPORT ONLY AN APPENDIX, IT DETRACTED FROM DOCUMENT AND THAT OECD IS NOT APPROPRIATE FORUM FOR ESSENTIALLY POLITICAL ISSUES. MISSION OFFICER SUGGESTED INCLUSION OF APPENDIX COULD BE COUNTER-PRODUCTIVE TO CONSTRUCTIVE DISCUSSION TUAC HOPES WILL DEVELOP AT LIAISON COMMITTEE MEETING. BERNARD EXPRESSED AGREEMENT IN PRINCIPLE BUT SAID INTERNATIONAL

LABOR MOVEMENT CONSIDERED REFERENCES AN ESSENTIAL PART OF DOCUMENT, BOTH FOR CONVICTION AND POLITICAL CONSIDERATION.

7. HERMAN REBHAN, SECGEN INTERNATIONAL METALWORKERS FEDERATION, TOLD MISSION OFFICER THAT EUROPEANS THOUGHT THAT, AS AN AMERICAN, REBHAN WOULD BE SOLICITOUS OF US MNCS DURING MARCH 4-5 MEETING. THUS EUROPEANS "SURPRISED" THAT US UNIONIST SHARED COMMON VIEWS ON NEED TO UNCLASSIFIED

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REGULATE MNCS, REGARDLESS OF NATIONALITY.

8. AMBASSADOR TURNER, ACCOMPANIED BY ONE OR TWO OFFICERS, WILL ATTEND LIAISON COMMITTEE WITH INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS WHICH MEETS MORNING OF MARCH 26. SECGEN VAN LENNEP WILL OPEN MEETING, FOLLOWED BY STATEMENTS BY TUAC REPS. SECRETARIAT HOPES PROPOSALS WILL STIMULATE MEANINGFUL DISCUSSION. GIVEN NATURE OF MATERIAL IN TUAC DOCUMENT AND SUBJECT MATTER TO BE DISCUSSED, MISSION RECOMMENDS THAT US REP GENERALLY LIMIT COMMENT ALONG FOLLOWING LINES:

A. US BELIEVES THAT INTERNATIONAL INVESTMENT HAS BENEFITED THE ECONOMIES OF BOTH INVESTING AND RECEIVING COUNTRIES IN BRINGING CAPITAL AND TECHNOLOGY TO THE PLACES WHERE THEY ARE MOST NEEDED.

B. WE RECOGNIZE, HOWEVER, THE NEED TO EXAMINE ISSUES RELATED TO INTERNATIONAL INVESTMENT, AND THEREFORE TOOK THE LEAD IN THE OECD TO EXAMINE SUCH ISSUES.

C. WE FEEL ISSUES RAISED IN CONNECTION WITH MNCS BY AND LARGE ARE NOT UNIQUE TO MNCS, BUT ARE MANIFESTATIONS OF THESE BROADER QUESTIONS RELATED TO INTERNATIONAL INVESTMENT GENERALLY.

D. WE HAVE NEVERTHELESS ACTIVELY PARTICIPATED IN THE WORK OF THE ORGANIZATION RELATING TO MNCS AND WE WILL CONTINUE TO DO SO.

9. MISSION INTENDS TO PROCEED ALONG GENERAL LINES OUTLINED PARA 8 UNLESS INSTRUCTED OTHERWISE BY OPENING OF BUSINESS MARCH 26.
TURNER

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